

HOUSING
PLANNING



**HOUSING &
PLANNING**

Vertical Mixed-Use

May 31, 2022

Austin City Council Housing and Planning Committee

Overview



- Housing Strategy
- VMU Basics
- VMU-Related Direction
- Staff Recommendation
- Additional Research



What's the problem we're solving for?

- Austin needs 135,000 new housing units by 2025 to keep pace with population growth
- The market is not providing adequate housing for low-income and moderate-income people
- Affordable housing is not equitably distributed throughout the city
- **The cost to close the gap in low-income housing in Austin was estimated at over \$11 billion in 2017**

AUSTIN STRATEGIC HOUSING BLUEPRINT





Our Toolkit

- Subsidize Affordable Housing
 - Local Funding
 - Federal Funding
- Incentivize (Affordable) Housing
 - Density Bonus
 - Fee Waivers
 - Regulations

HOLISTIC APPROACH TO AFFORDABLE HOUSING



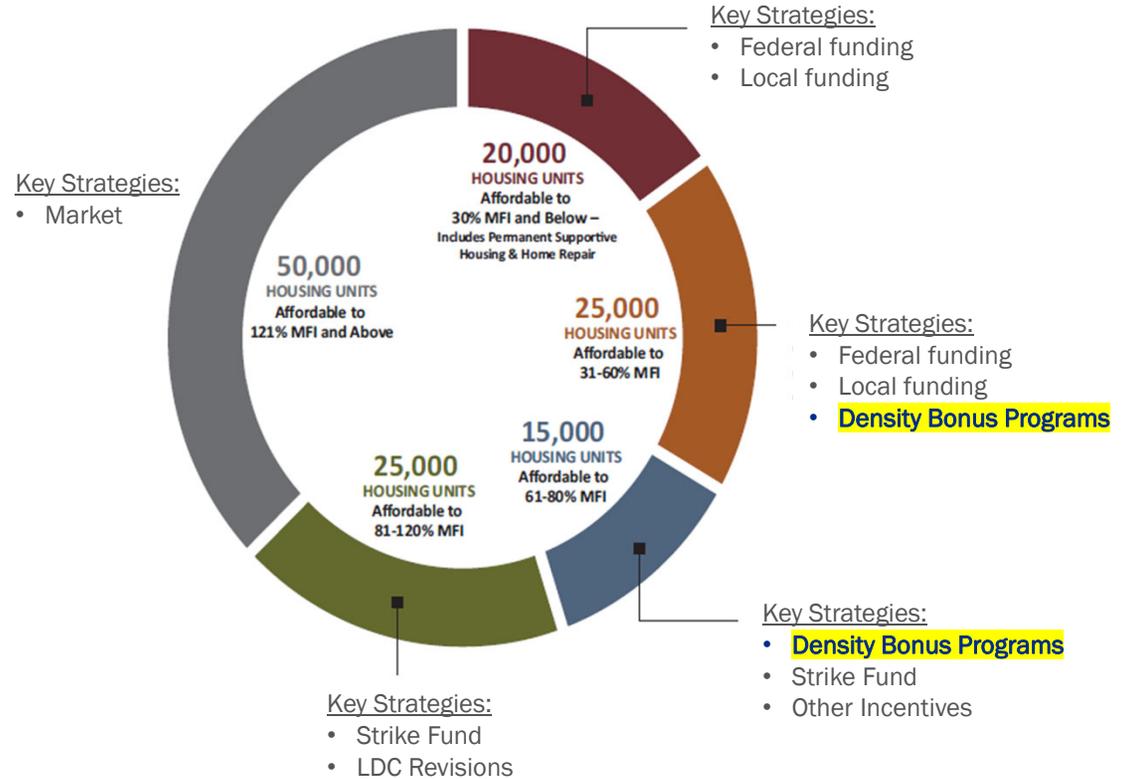
- Acquire and rehabilitate affordable homes at-risk
- Advance new home ownership models
- Create supportive financing environment

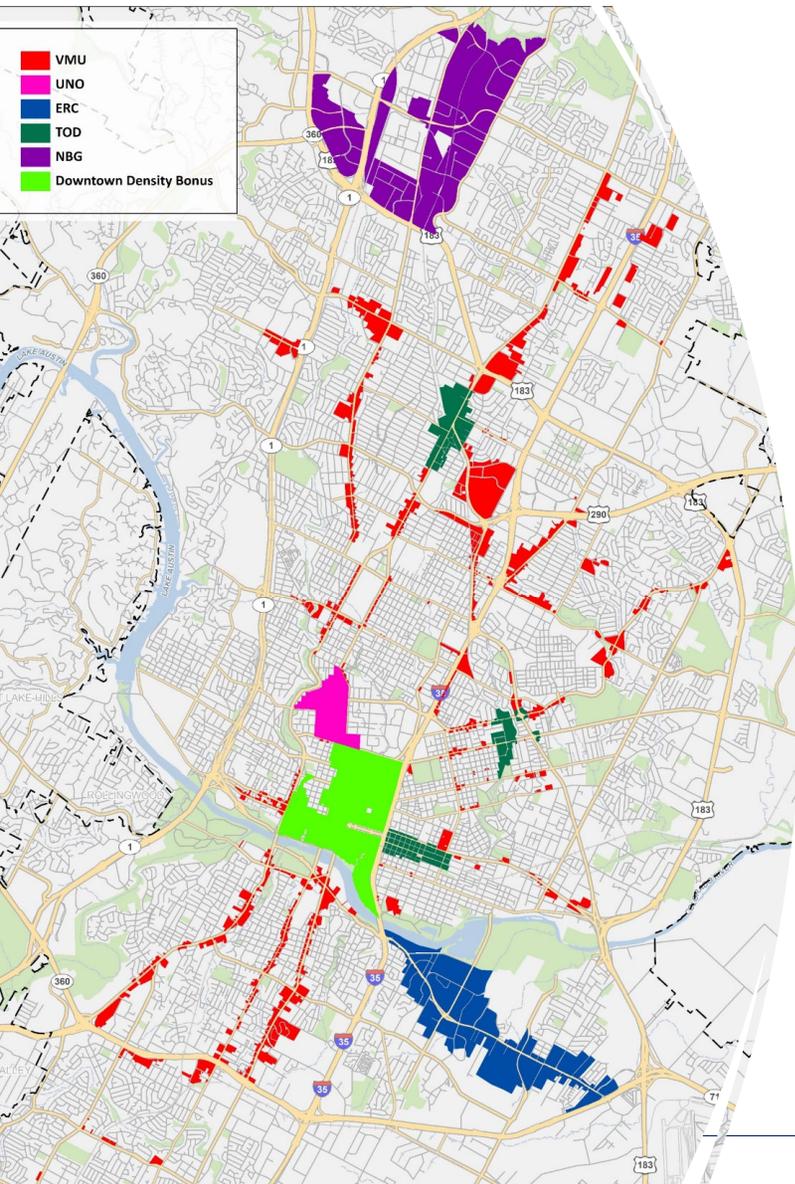
- Simplify regulations
- Use available public land for affordable housing
- Expand funding at all levels
- Adopt proven policies



135,000 Units in 10 Years

Austin's 10-Year Affordable Housing Goals





Current Developer Incentives

Citywide:

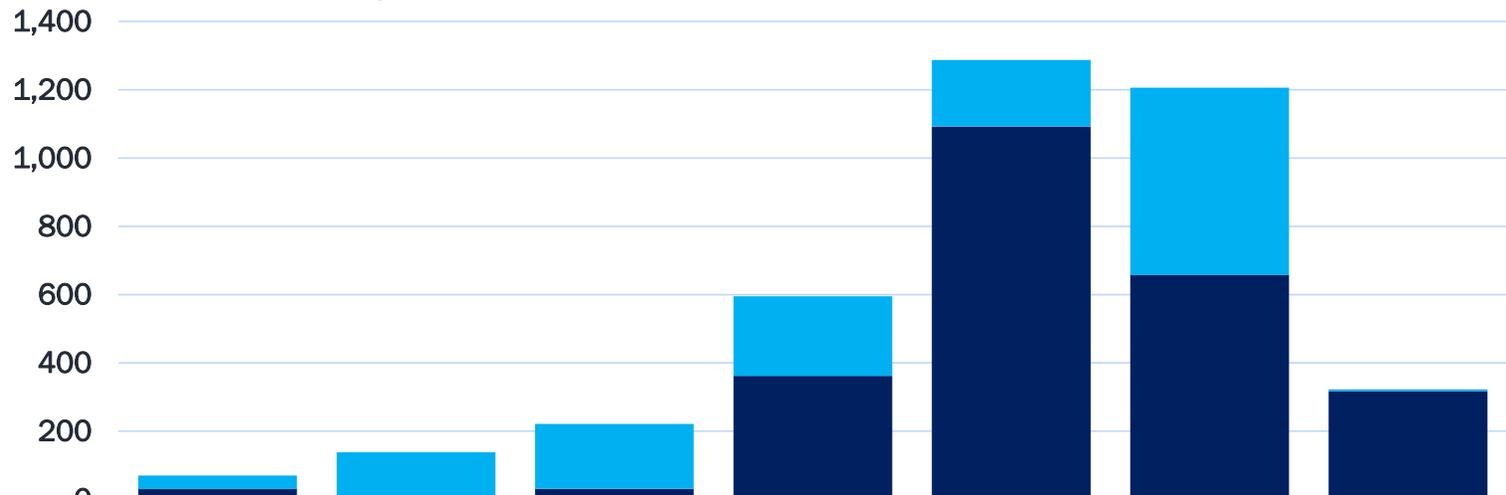
SMART Housing
Affordability Unlocked

Geographically Specific:

- Downtown (+ Rainey) Density Bonus
- East Riverside Corridor Regulating Plan
- North Burnet Gateway Regulating Plan
- Transit Oriented Development Regulating Plans
 - Plaza Saltillo, MLK, North Lamar/Airport
- University Neighborhood Overlay
- Vertical Mixed-Use (VMU)
- Planned Unit Developments (PUD)



Affordable Housing Created by Development Incentive Programs without Public Subsidy



■ Under Construction	40	138	190	233	195	549	5
■ Completed	30	0	31	362	1,092	657	317
Fees In-Lieu Generated or Anticipated	\$13,023,005	-	\$7,680,623	\$5,371,226	\$3,627,211	-	\$2,061,917

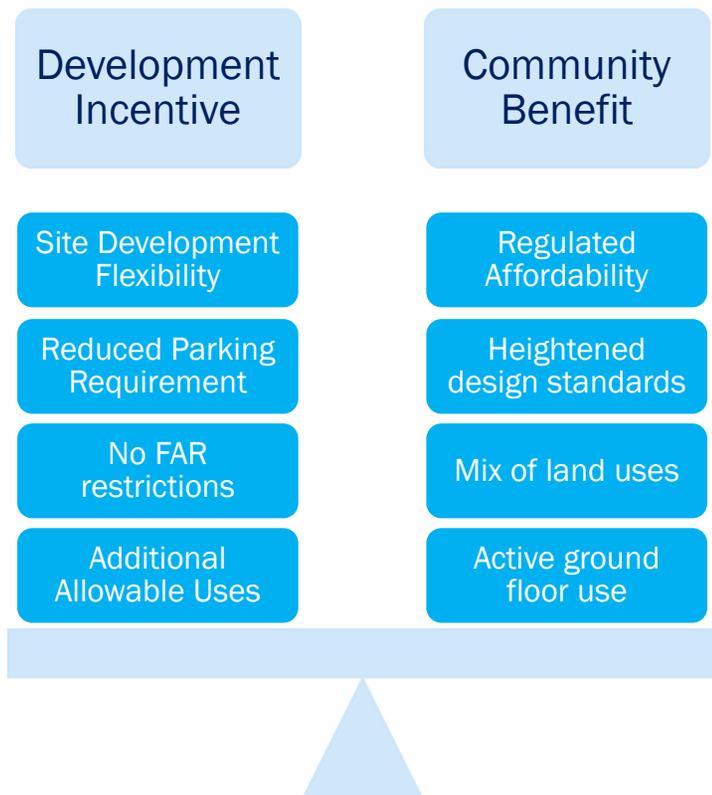
Data source: Affordable Housing Inventory, accessed 4/18/22



Vertical Mixed-Use (VMU) Basics

VMU is a *voluntary* density bonus program designed to generate community benefits through the use of development incentives.

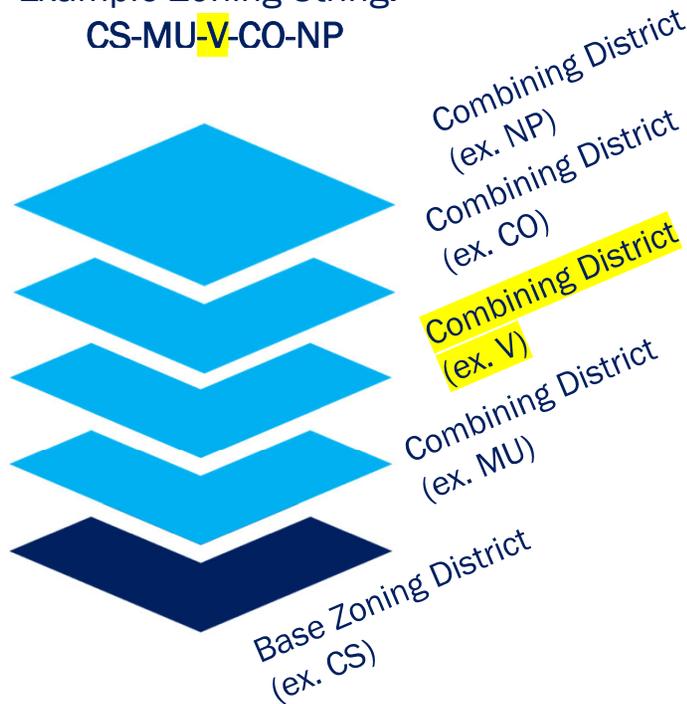
- Adopted in 2010
 - Included a one-time opt-in/opt-out process for neighborhood associations or neighborhood planning teams
- Applicable along 2010 “core transit corridors”
 - Connects housing and services to transit
 - May also include other roadways based on original neighborhood opt-in process
- Offers development incentives in exchange for community benefits
 - Improves flexibility for site development
 - Creates enhanced pedestrian environment
 - Regulates affordability
 - Support sustainable development patterns





VMU Combining District

Example Zoning String:
CS-MU-V-CO-NP



VMU-Zoned Sites				
Base Zones	Description	Max Height	Impervious Cover	% of Sites
CS	commercial services	60ft	95%	67%
GR	community commercial	60ft	90%	18%
LO	limited office	40ft	70%	5%
LR	neighborhood commercial	40ft	80%	5%
GO	general office	60ft	80%	3%
NO	neighborhood office	35ft	60%	1%

VMU-Zoned Properties with Other Combining Districts	% of Sites
NP: Neighborhood Plan	94%
MU: Mixed Use	53%
CO: Conditional Overlay	67%
NCCD: Neighborhood Conservation Combining District	5%



VMU Site Development Standards

- Same as base zoning
- Compatibility standards supersede

Building Height



- Same as base zoning

Impervious Cover



- No minimum front or side setbacks
- Compatibility standards supersede

Reduced Setbacks



- Height and Impervious Cover still provide site controls

No Floor to Area Ratio (FAR) limit



- Up to a 60% reduction in the minimum number of required parking spaces

Reduced Parking Requirement



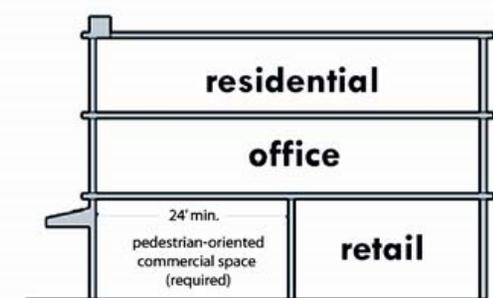
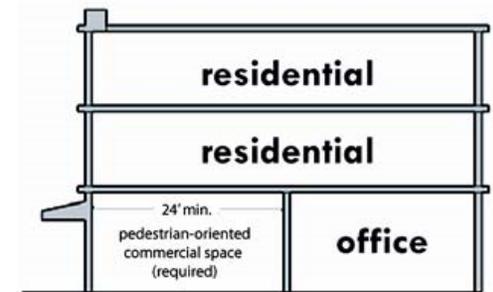
- Allows residential uses in commercial and office zones
- Allows additional commercial uses in office zones

Broader Range of Allowed Uses



- Pedestrian-Oriented Commercial space requirement on first floor
- Minimum of one floor of residential use required

Mix of Uses Required



Vertical Mixed-Use Affordability Policy

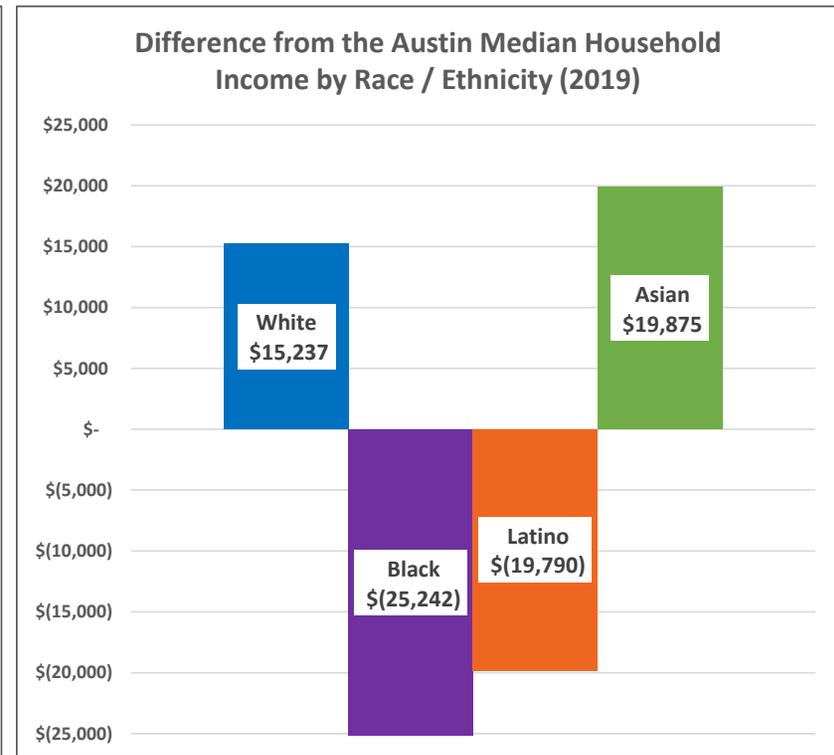
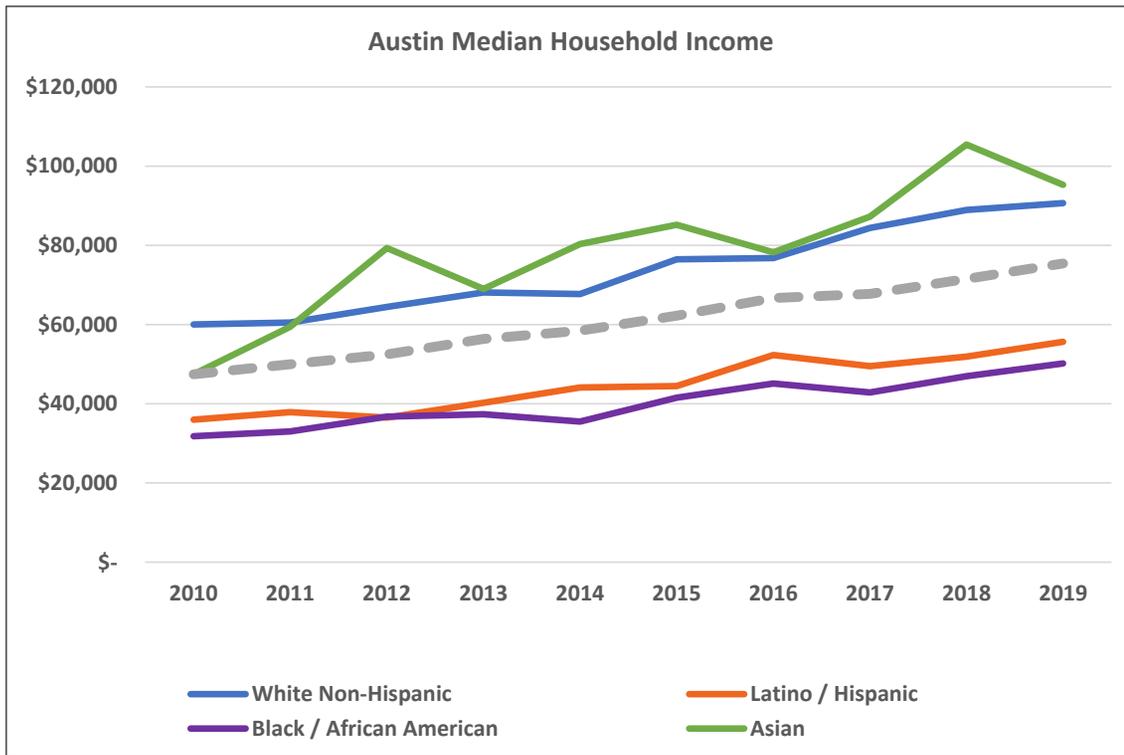
<u>Rental Developments</u> <i>40-year affordability period</i>	<u>For-Sale Developments</u> <i>99-year affordability period</i>
<p>10% set-aside affordable to households earning not more than 60% Median Family Income Or 80% Median Family Income <i>(Varies by neighborhood)</i></p>	<p>10% set-aside affordable to households earning not more than 80% Median Family Income and 100% Median Family Income <i>(5% at each level)</i></p>

2021 Median Family Income Limits (Austin Area)				
	1 Person Household	2 Person Household	3 Person Household	4 Person Household
60% MFI	\$41,580	\$47,520	\$53,450	\$59,340
80% MFI	\$55,400	\$63,300	\$71,200	\$79,100
100% MFI	\$69,250	\$79,100	\$89,000	\$98,900

	Average Affordable Rental Limit	Typical Affordable Home Sales Price (1 Bedroom)
60% MFI	\$1,077	
80% MFI	\$1,436	\$219,800
100% MFI		\$273,400



What does median income look like disaggregated by race?



Data Source: American Community Survey 1-Year Estimates for Austin city, Texas; Table S1903

Challenges

Only works in areas with high market demand

Barriers to securing long-term affordable homeownership housing units

Feasibility reduced by competing regulations that inhibit design and construction

Was not created with racial equity at the forefront



Opportunities

Create income-restricted affordable housing without requiring direct public subsidy

Increasing housing supply with bonus market-rate housing

Improves transportation choice by locating housing and other services near transit

Supports Climate Equity goals for land use and transportation



VMU-Related Direction

Planning Commission

- July 2021
- C02-20210727
- Directed changes to the affordability requirements for Vertical Mixed-Use Buildings

City Council

- November 2021
- Resolution No. 20211118-052
- Directed an expansion of the VMU program through the creation of new tier with a height bonus



Staff Recommendation: Set-Aside Percentages and Affordability Levels

	<u>Rental Developments</u> <i>40-year affordability period</i>	<u>For-Sale Developments</u> <i>99-year affordability period</i>
VMU	10% set-aside as affordable to households earning no more than 60% Median Family Income	10% set-aside as affordable to households earning no more than 80% Median Family Income <i>OR</i> Fee equivalent to 10% of total units
VMU2 (30ft height bonus)	10% set-aside as affordable to households earning no more than 50% Median Family Income <i>OR</i> 12% set-aside affordable to households earning no more than 60% Median Family Income	12% set-aside affordable to households earning no more than 80% Median Family Income <i>OR</i> Fee equivalent to 12% of total units



Staff Recommendation: Fee in-lieu for condominium developments

- Recommended for ownership developments only
 - Direct these fees back towards long-term affordable homeownership projects such as Community Land Trusts
 - Rental developments must provide affordable units onsite
- Proposed due to barriers to securing long-term affordability and stability for low-income homeowners in predominantly market-rate condominium developments
 - Homeowners' association fees
 - Property tax assessments

Example of proposed fees in-lieu of onsite income-restricted affordable units from the draft LDC Revision citywide Affordable Housing Bonus Program

Unit Size	Studio	1-Bedroom	2-Bedroom	3-Bedroom
Fee-in-Lieu	\$135,000	\$180,000	\$335,000	\$440,000



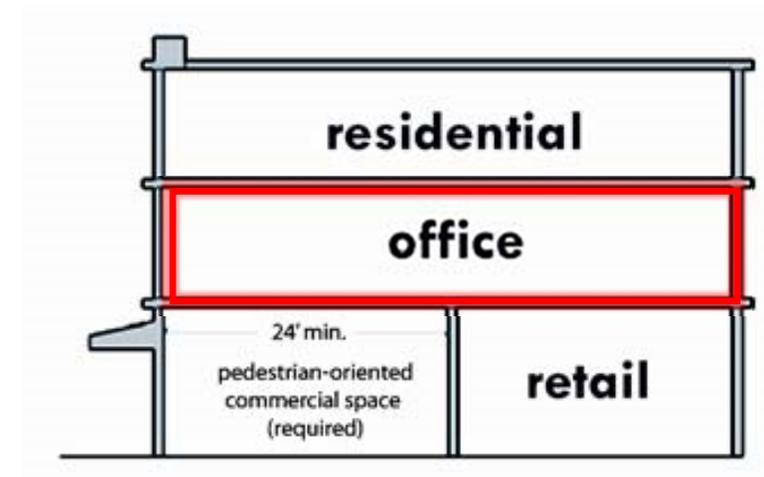
Staff Recommendation: Addition of Provisions to Affirmatively Further Fair Housing

- Applicable to all developments that voluntarily participate in VMU
 - In the long-term, staff recommends that these requirements apply uniformly in all voluntary density bonus programs within the LDC
- Affirmatively furthers Fair Housing and helps to create more inclusive, equitable outcomes for our community
 - ❖ Source of Income Protections
 - ❖ Affirmative Marketing
 - ❖ Enhanced Enforcement
 - ❖ Proportional Bedroom Mix
 - ❖ Comparable Design Standards
 - ❖ Dispersion and Equal Access



Staff Recommendation: Additional Direction to Set Non-Residential Bonus Area Fee

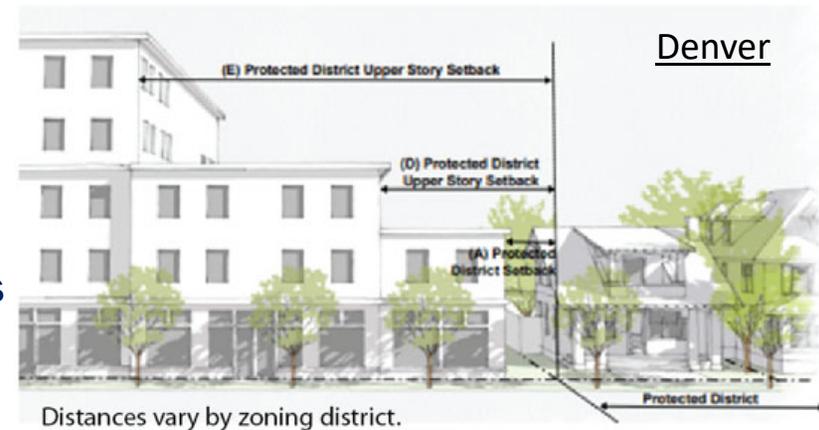
- Bonus area fee for upper-level non-residential space within VMU buildings never set by Council
- Staff will wait for additional direction to bring forward a recommendation for this non-residential bonus area fee for the Vertical Mixed-Use program



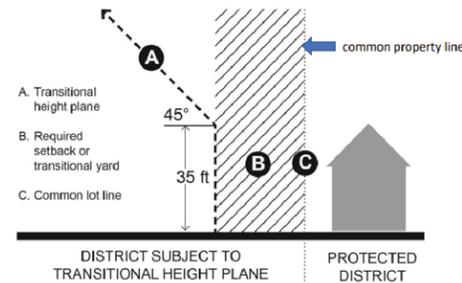


Compatibility Standards

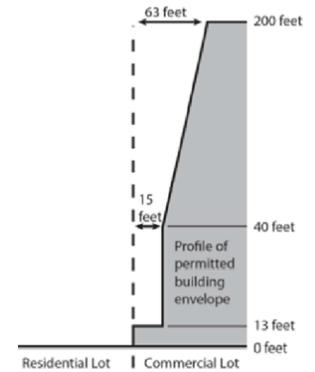
- Purpose is to provide a transition between single family homes or certain civic uses and more intense land uses
- Austin’s compatibility standards are some of the most restrictive in the country
- Austin compatibility standards apply to sites that are
 - within 540 feet of the property line of an urban family residence (SF-5) or more restrictive **zoning** district
 - adjacent to a lot on which a **use** permitted in an SF-5 or more restrictive zoning district is located
- Compatibility Standards require:
 - Height and Setback Limitations
 - Scale and Clustering Requirements
 - Screening Requirements
 - Design Regulations



Atlanta

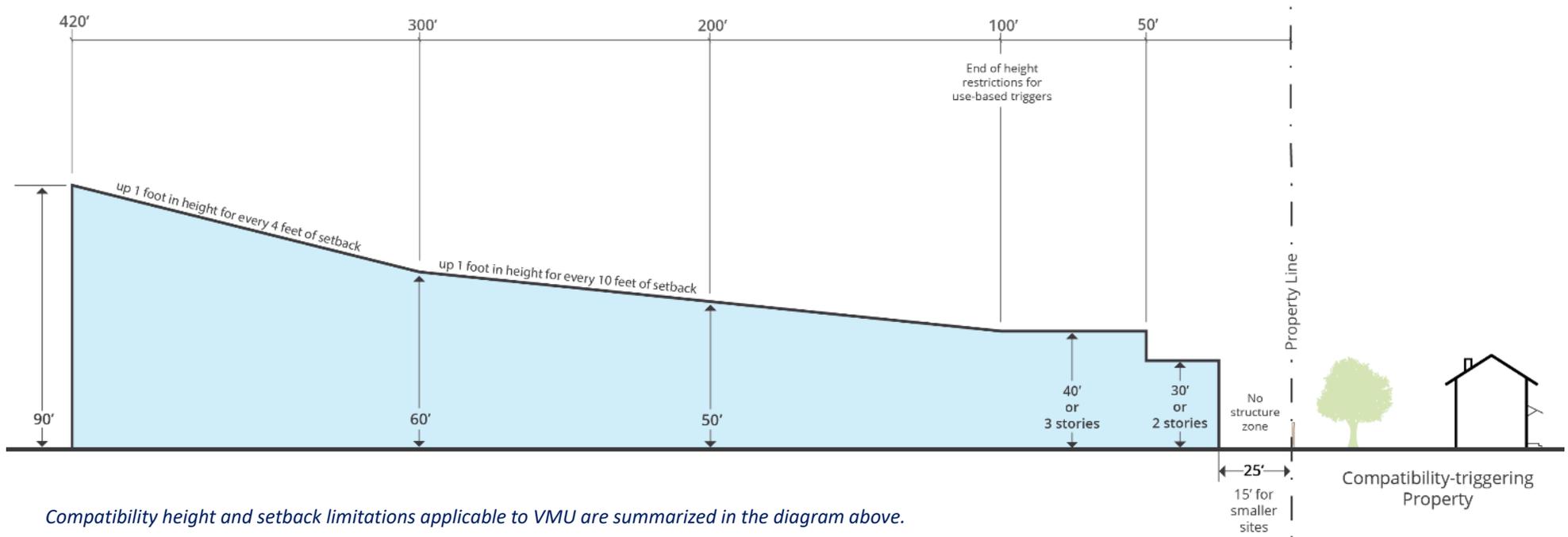


Seattle





Austin Compatibility Height and Setbacks



Compatibility height and setback limitations applicable to VMU are summarized in the diagram above.

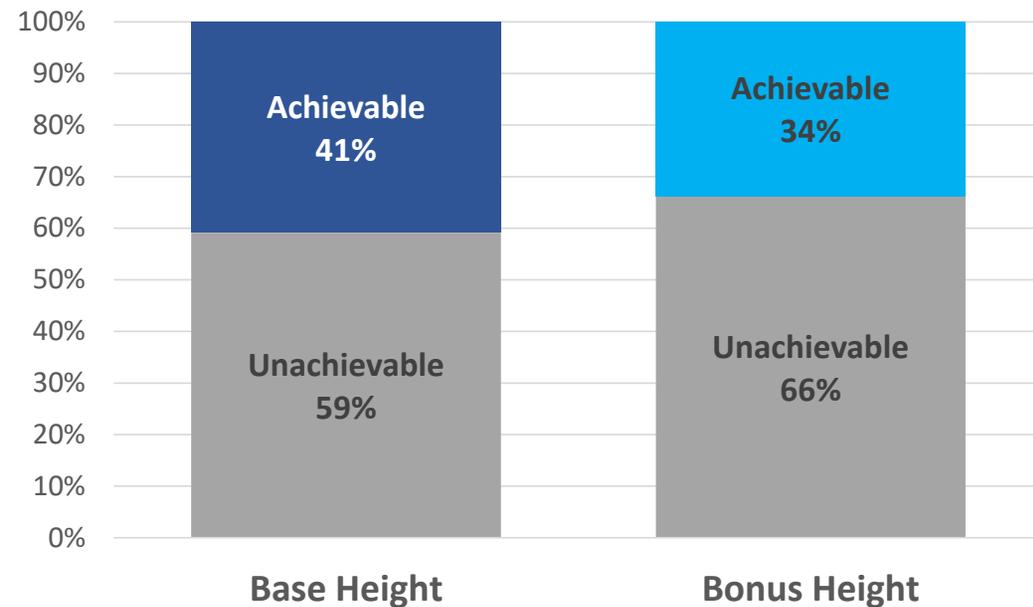


Compatibility Impacts on VMU

- 41% of VMU-zoned sites could build to their **base** height after compatibility standards are applied.
 - The remaining 59% of VMU-zoned sites are prohibited from building to the maximum height allowed by their base zoning due to compatibility standards.
- 34% of VMU-zoned sites would be able to build to the **bonus** height under the new tier of the VMU program after compatibility standards are applied.
 - The remaining 66% of VMU-zoned sites would be prohibited from building to the maximum height allowed with the 30-foot height bonus.

**For purposes of this analysis, a site was considered buildable if the maximum height could be achieved for at least 10,000 square feet.*

VMU-Zoned Sites Allowable Heights with Compatibility Standards

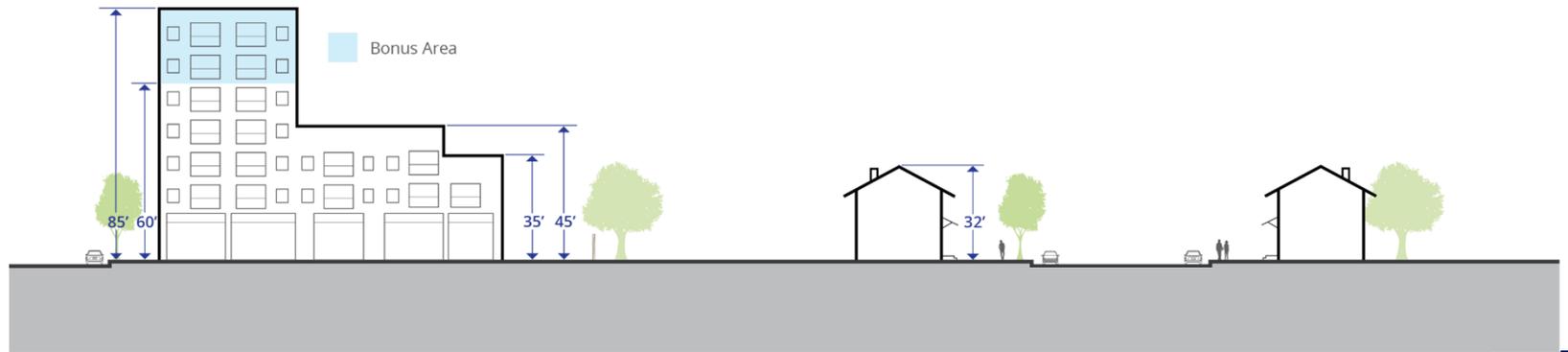




Transition Area



No Transition Area (with Compatibility)





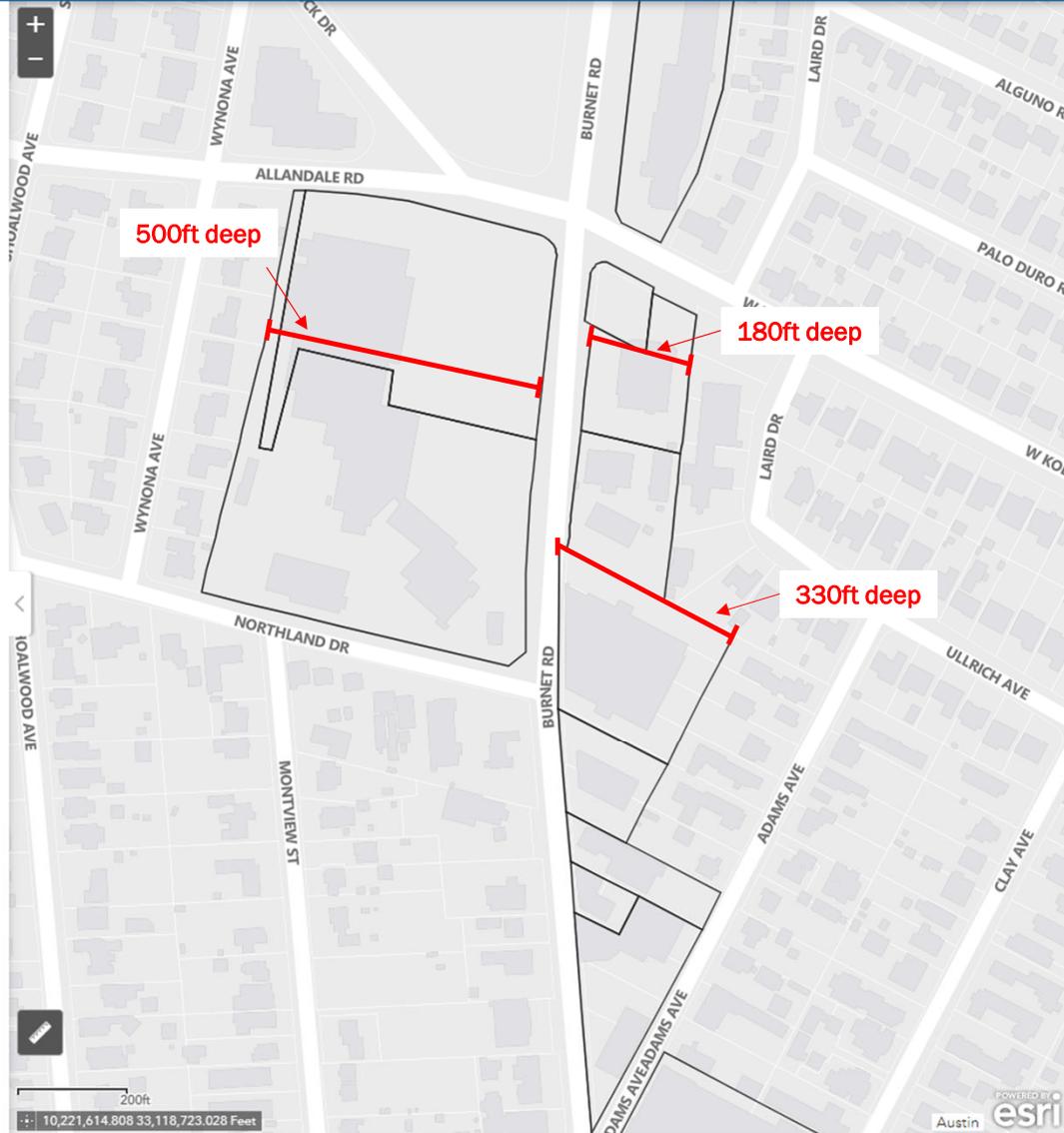
Example: Burnet Road at Koenig Ln

- Imagine Austin Corridor
- Served by 803 MetroRapid
- VMU Zoning, CS base zoning





Lot depths ranging from 180ft to 500ft





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Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

Zoning-Based

Land Use-Based



200ft
10,219,748.831 33,121,511.742 Feet

Austin | City of Austin Housing and Planning Department





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Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

Zoning-Based

Land Use-Based

No Structure Allowed



10,219,509.603 33,121,498.072 Feet

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Vertical Mixed-Use 2 and Compatibility



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VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

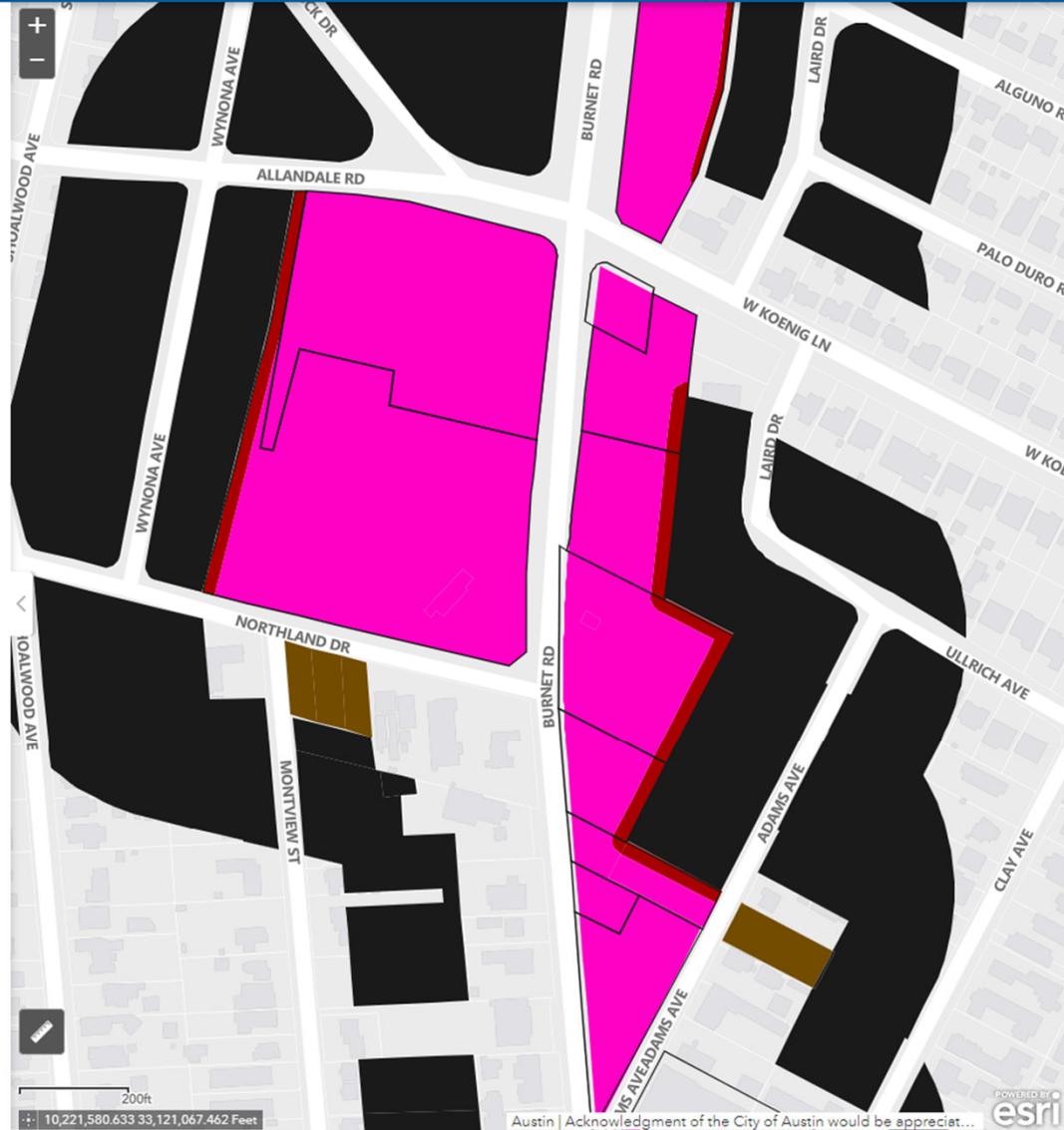
Zoning-Based

Land Use-Based

30ft Max Height



No Structure Allowed





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Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

Zoning-Based

Land Use-Based

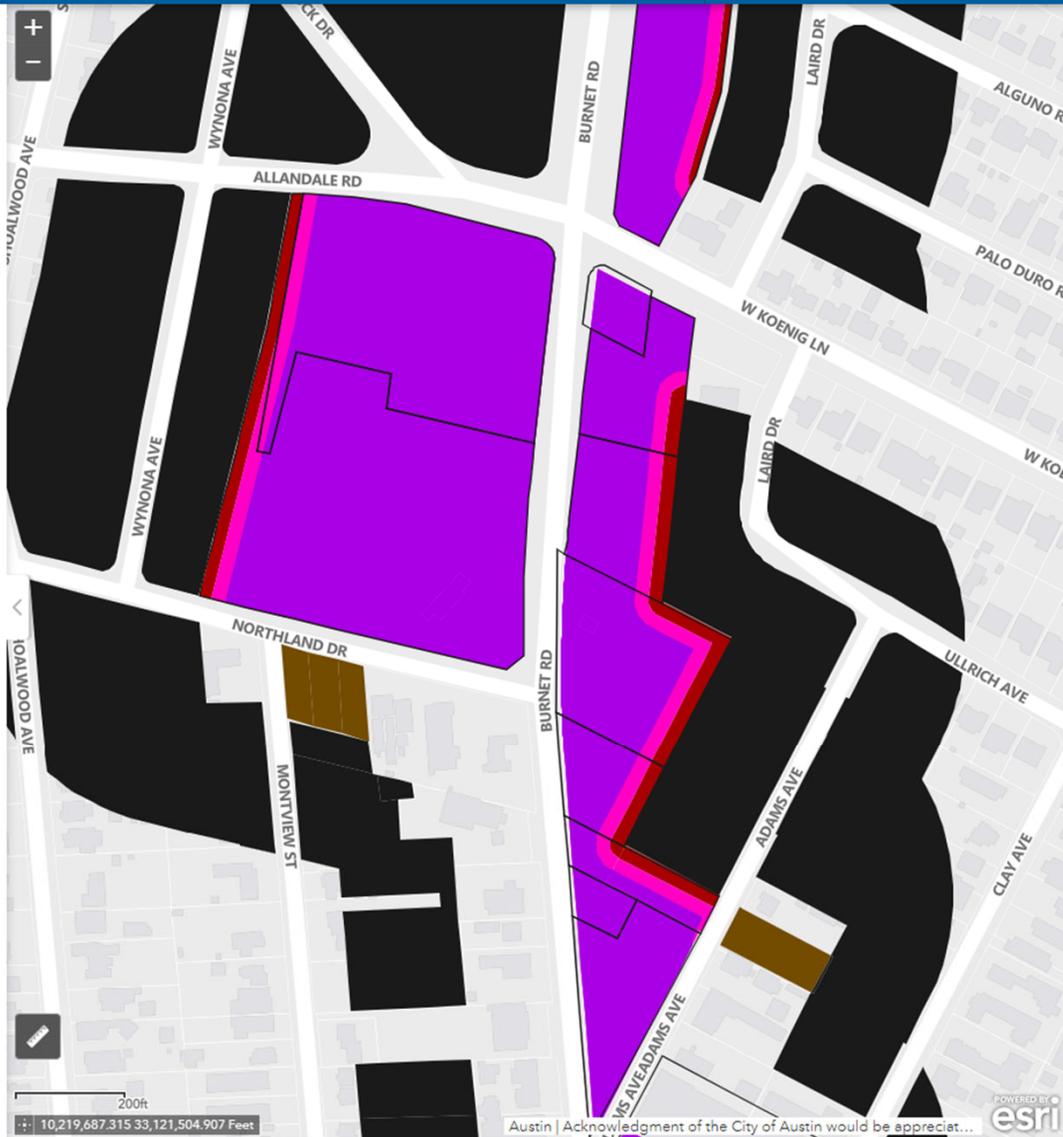
40ft Max Height



30ft Max Height



No Structure Allowed





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Vertical Mixed-Use 2 and Compatibility

VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

Zoning-Based

Land Use-Based

50ft Max Height



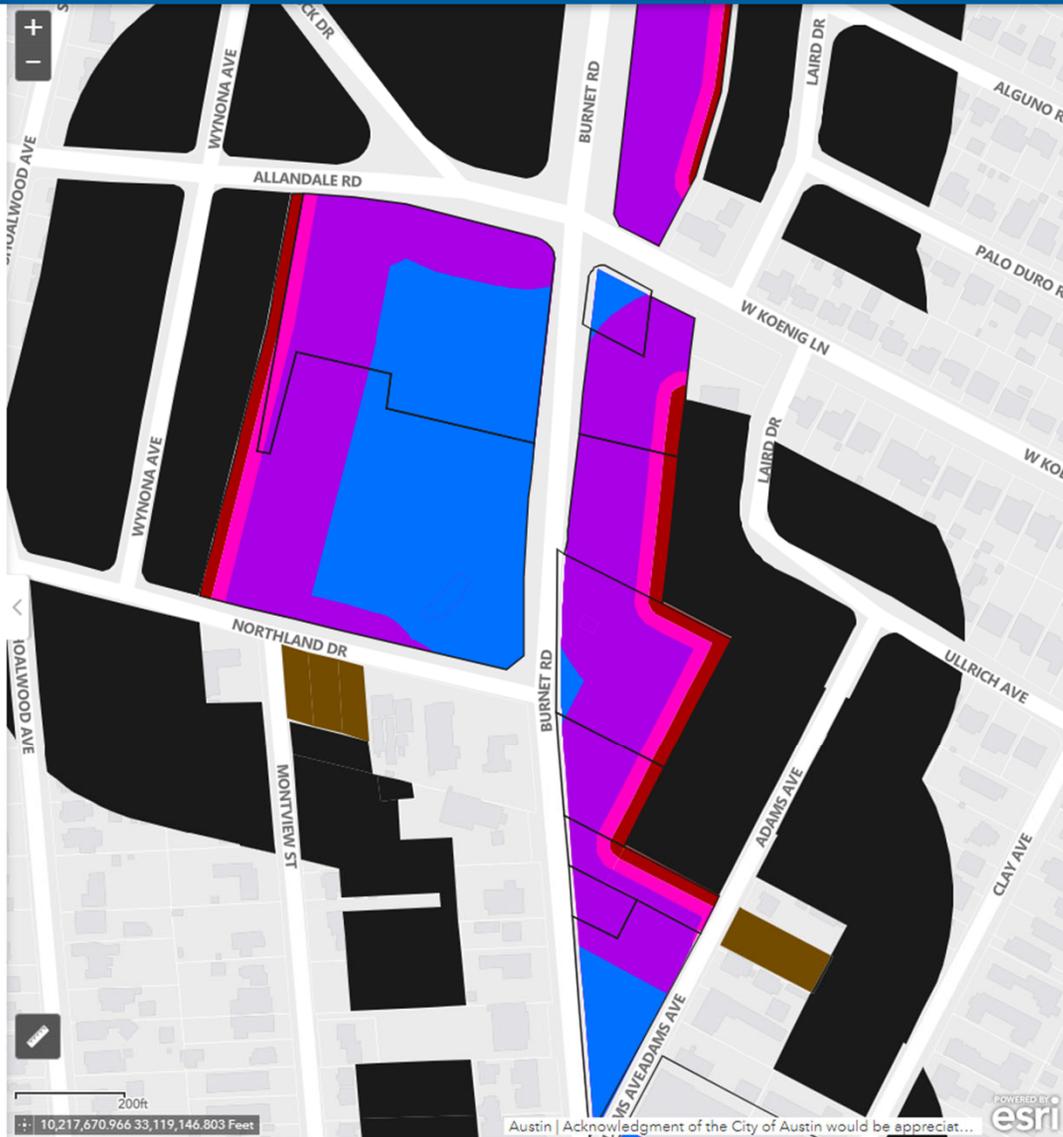
40ft Max Height



30ft Max Height



No Structure Allowed





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Vertical Mixed-Use 2 and Compatibility



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VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

Zoning-Based

Land Use-Based

60t Max Height



50ft Max Height



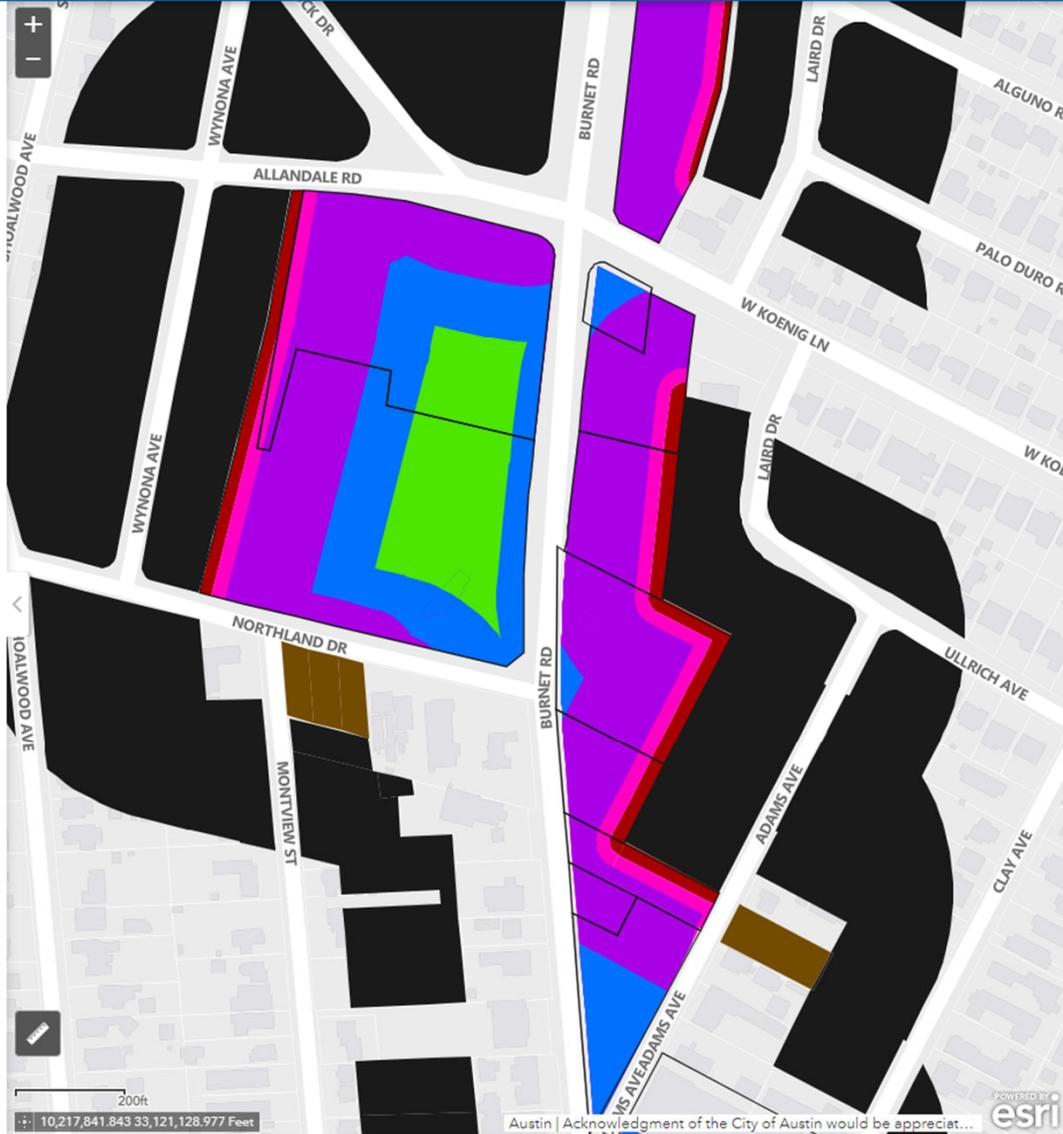
40ft Max Height



30ft Max Height



No Structure Allowed



POWERED BY
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VMU-Zoned Parcels

Compatibility-Triggering Properties

zoning_id

Zoning-Based

Land Use-Based

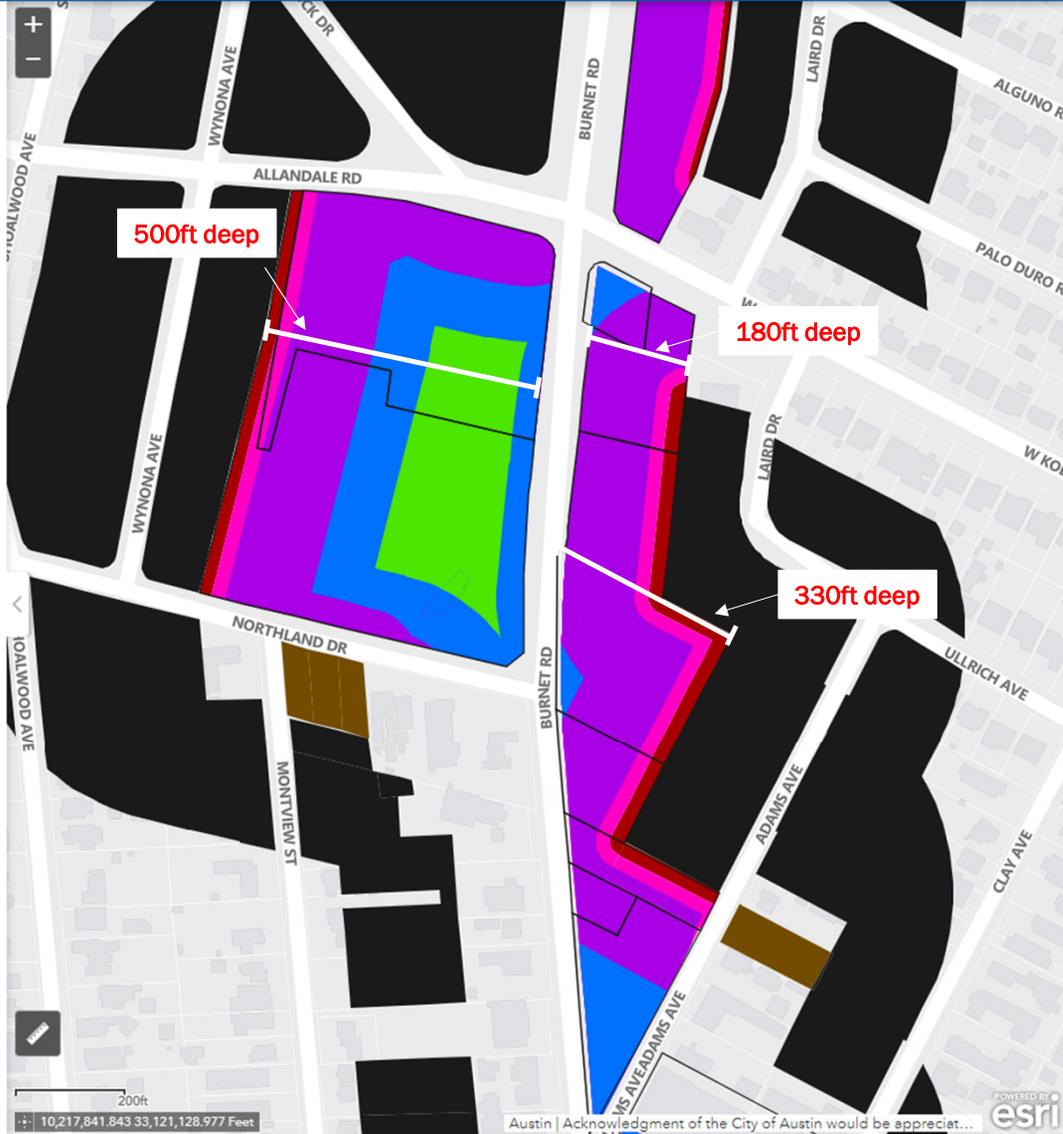
60t Max Height

50ft Max Height

40ft Max Height

30ft Max Height

No Structure Allowed





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Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

Zoning-Based

Land Use-Based

60t Max Height



50ft Max Height



40ft Max Height



30ft Max Height



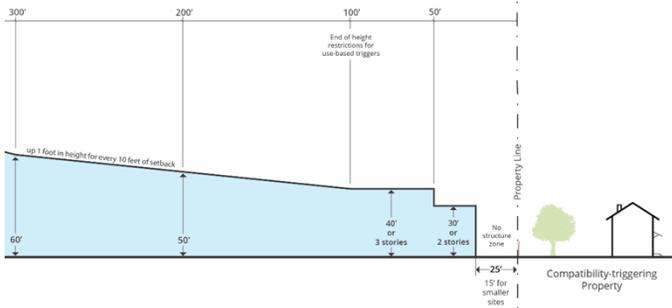
No Structure Allowed



300ft from compatibility-triggering property

300ft from compatibility-triggering property

200ft from Compatibility-triggering property



200ft 10,217,841.843 33,121,128.977 Feet

Austin | Acknowledgment of the City of Austin would be appreciat...





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Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU Projects

- Completed Project
- Under Construction
- In Planning

New Construction, Non-VMU



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning_id

- Zoning-Based
- Land Use-Based

60t Max Height



50ft Max Height



40ft Max Height



30ft Max Height



No Structure Allowed





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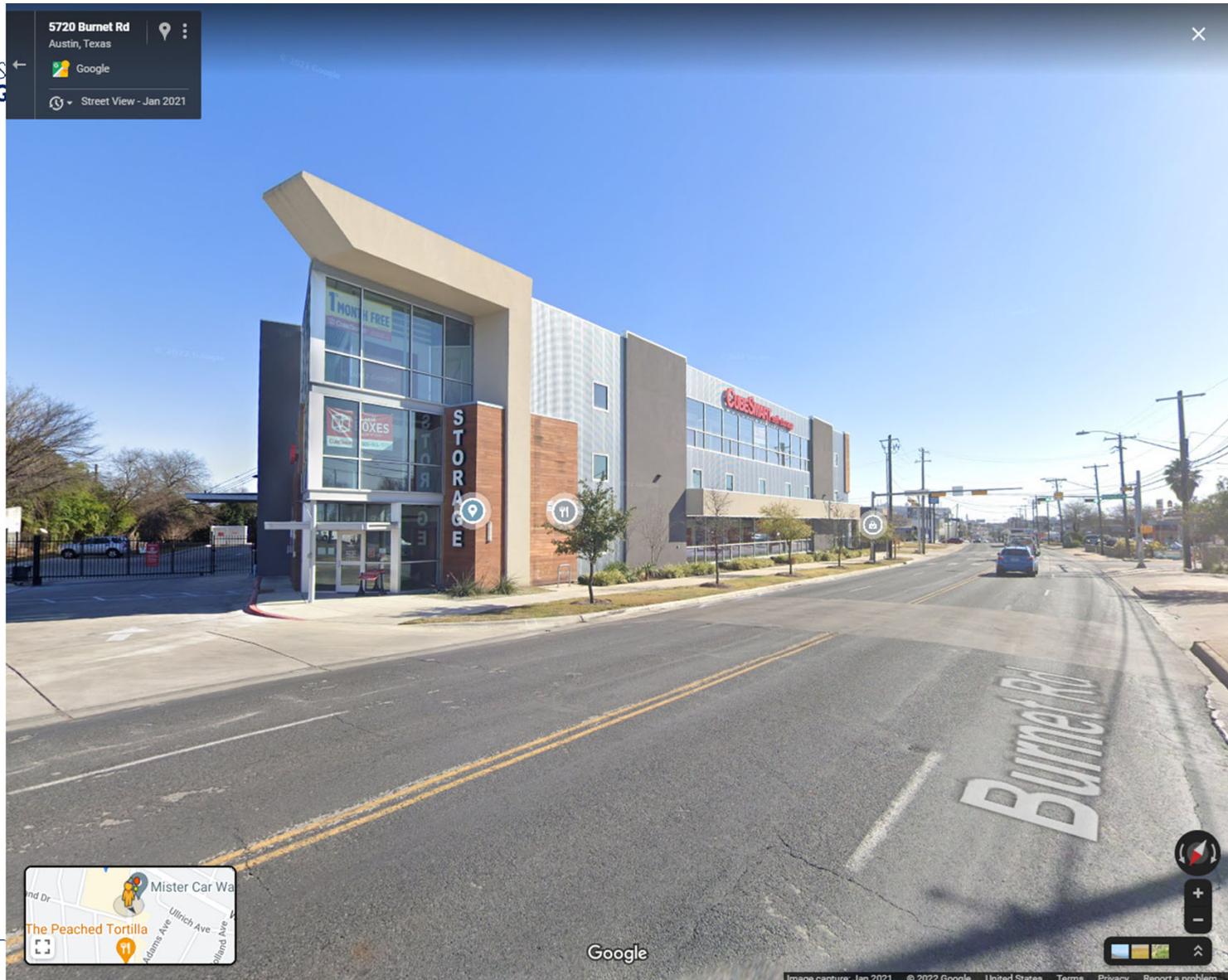


Image capture: Jan 2021 © 2022 Google United States Terms Privacy Report a problem

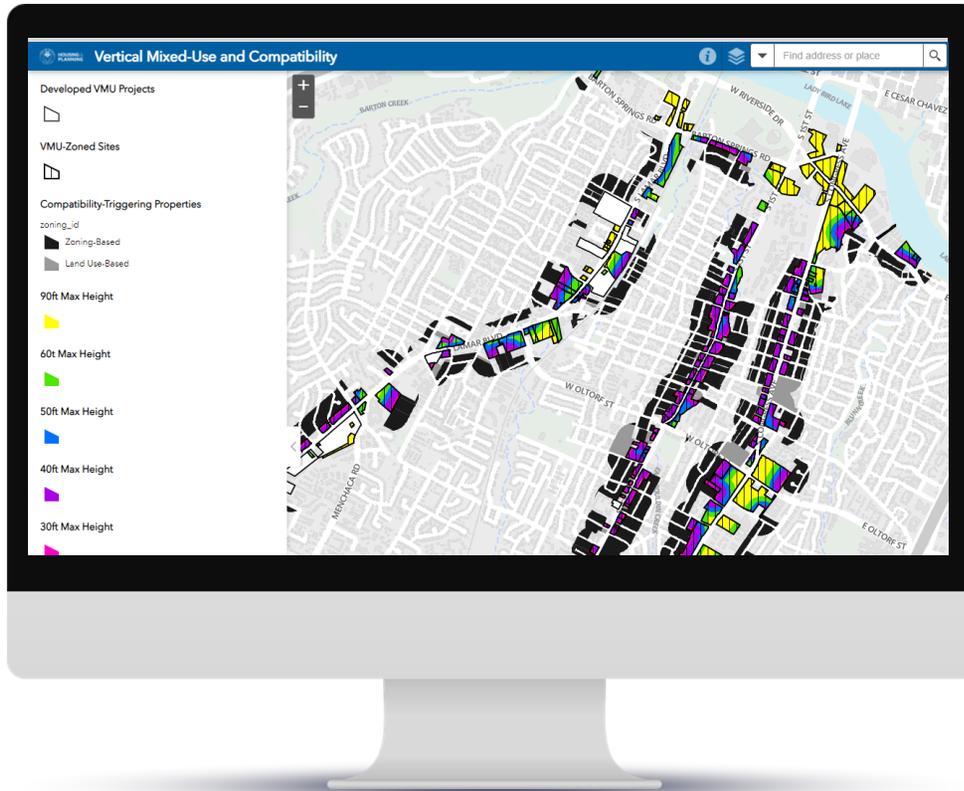


Transition Area



No Transition Area (with Compatibility)





The web map can be accessed here:

<https://austin.maps.arcgis.com/apps/webappviewer/index.html?id=bff1cf81f6534a0bb2f8a23988d499c2>

Compatibility + VMU Web Map

- Interactive Map
- View where VMU-Zoned Sites are Located
 - Including layers for Displacement Risk Areas, High Opportunity Areas, and the Transit Priority Network
- View allowable heights with the new bonus on VMU-Zoned sites after Compatibility Standards
- View VMU-Developed and Developing Buildings

VMU Research

- VMU Developments
- Dispersion of VMU Zoning
- Other Policies Impacting VMU-Zoned Properties



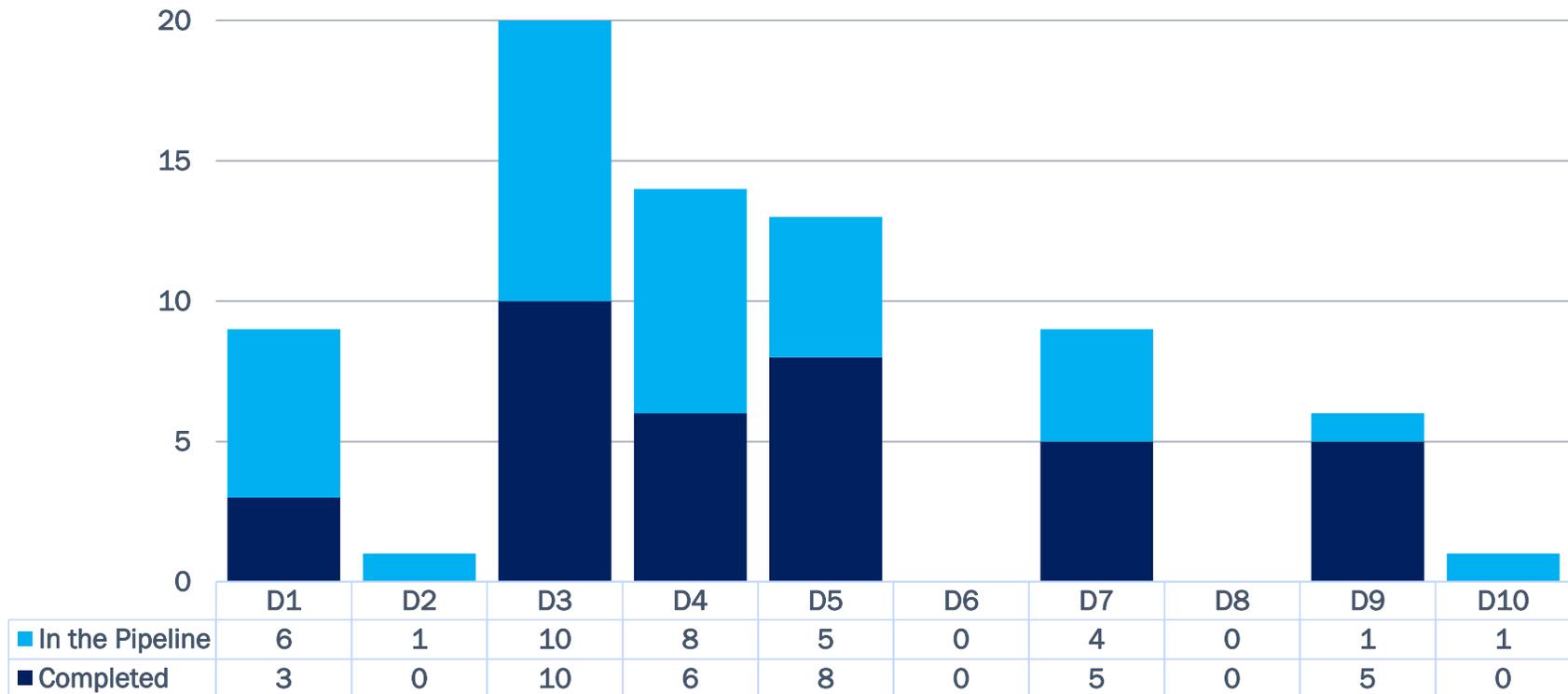
Vertical Mixed-Use Outcomes

	In Planning	Under Construction	Completed	Possible Combined Impact
VMU Projects	25	11	37	73
VMU Housing Units	6,345	2,563	6,793	15,701
Income-Restricted Affordable Housing Units	641	549	678	1,868
Tenure of VMU Housing Units				
Rental	100%	98%	95%	97%
Ownership	0%	2%	5%	3%

data source: [Affordable Housing Inventory](#) (accessed 4/18/22)



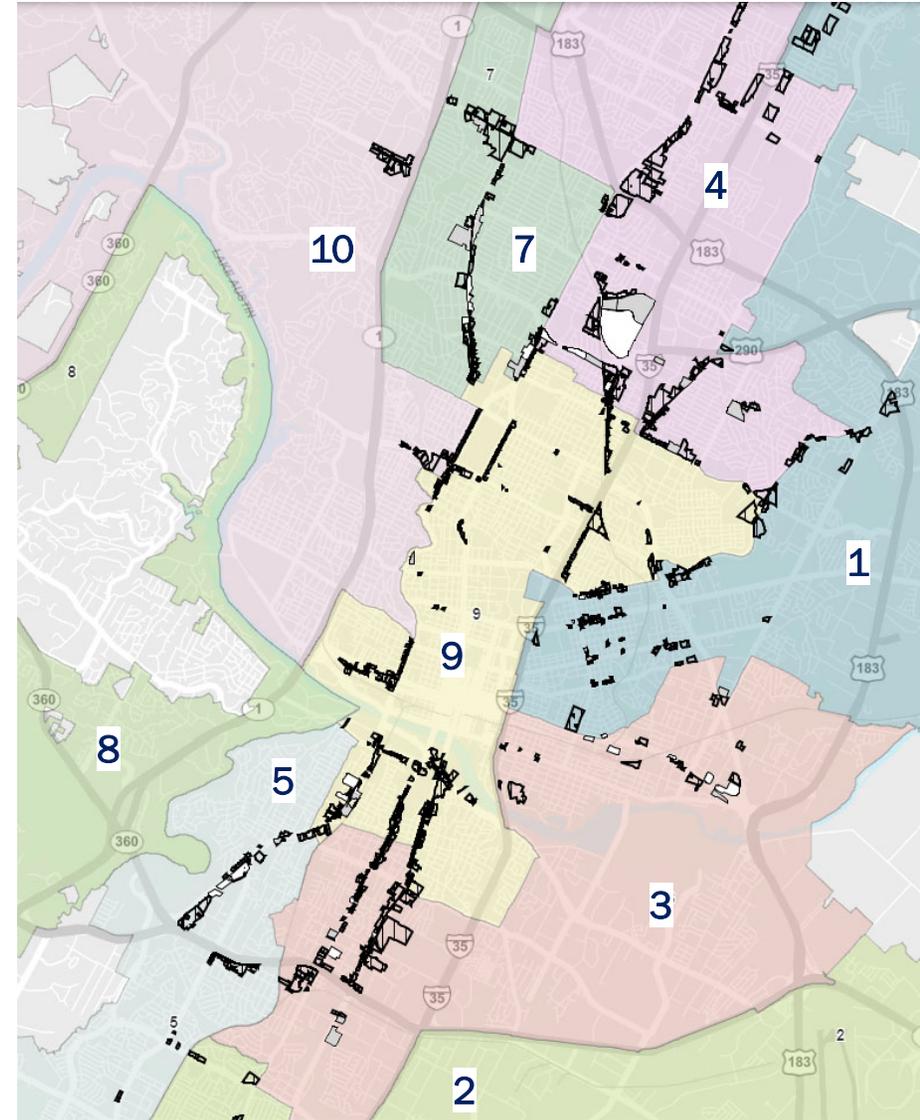
Vertical Mixed-Use Developments by Council District





Dispersion of VMU Zoning

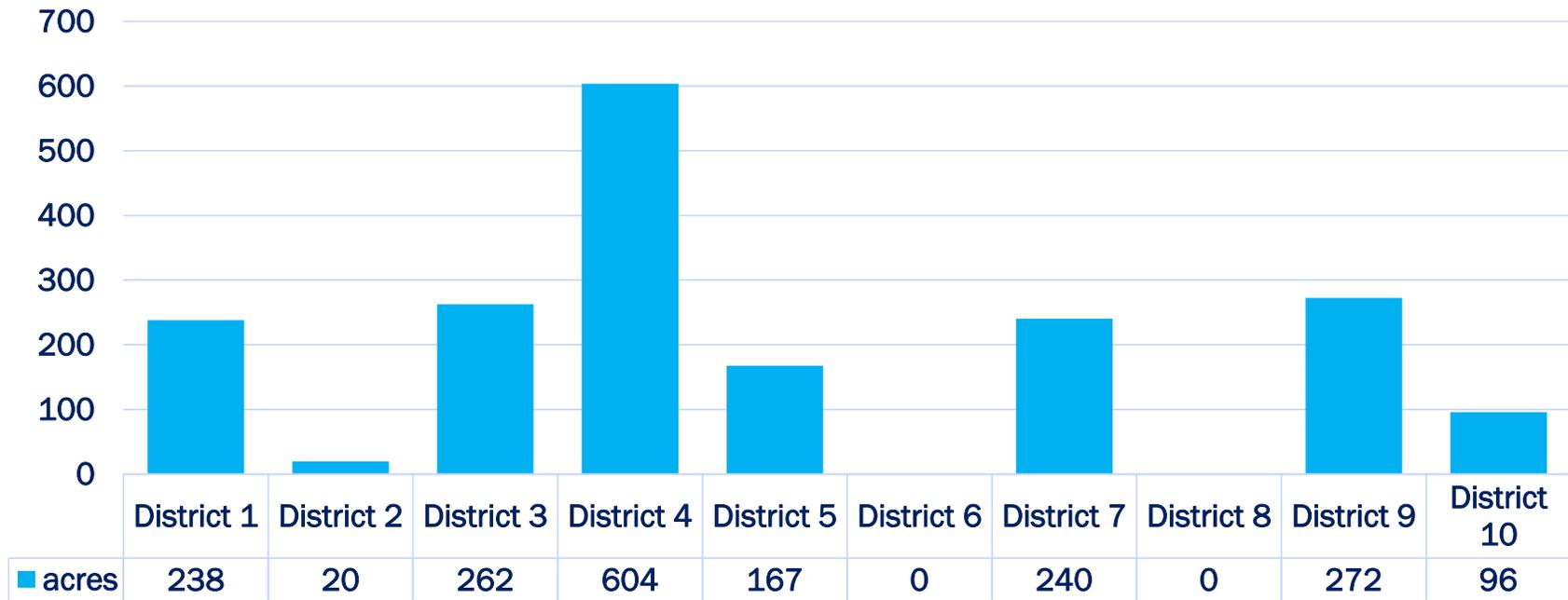
VMU Zoning	
Total Sites with -V	Total Acres with -V
~ 818	~ 1,900





Dispersion of VMU Zoning

VMU Zoning by Council District



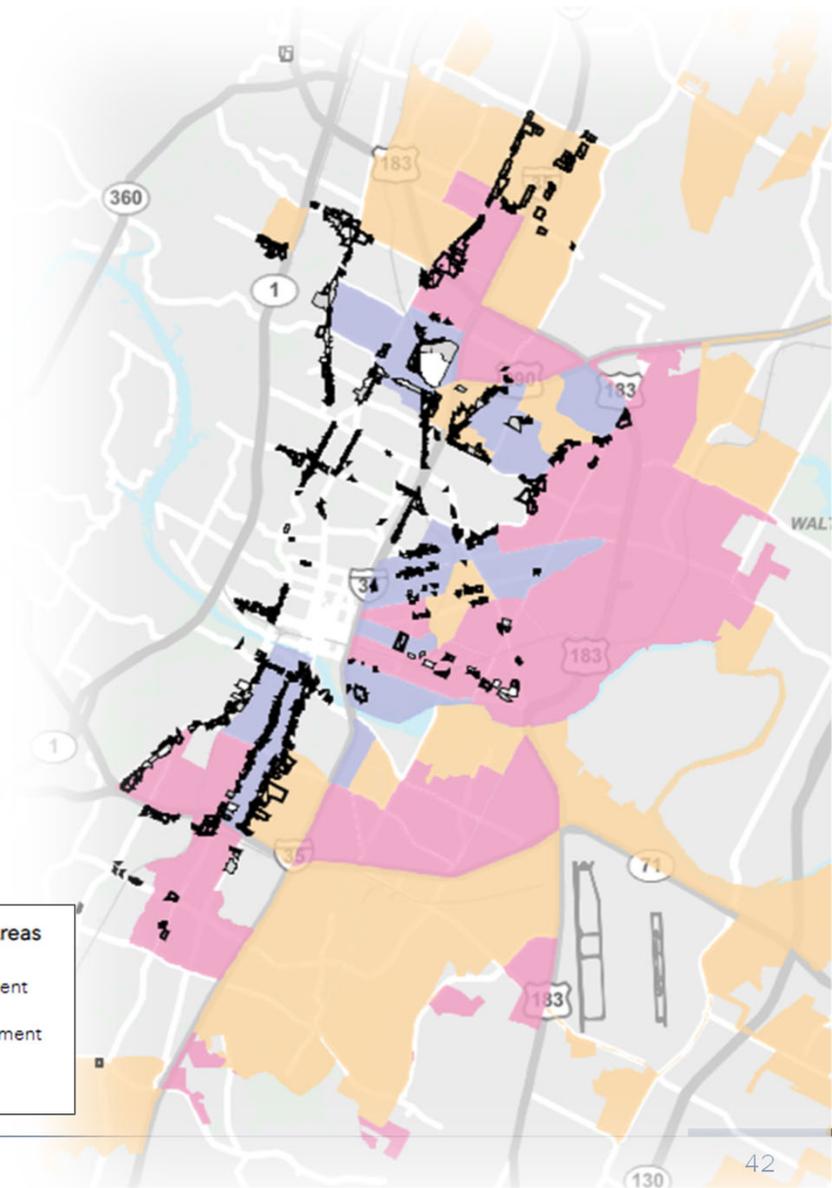
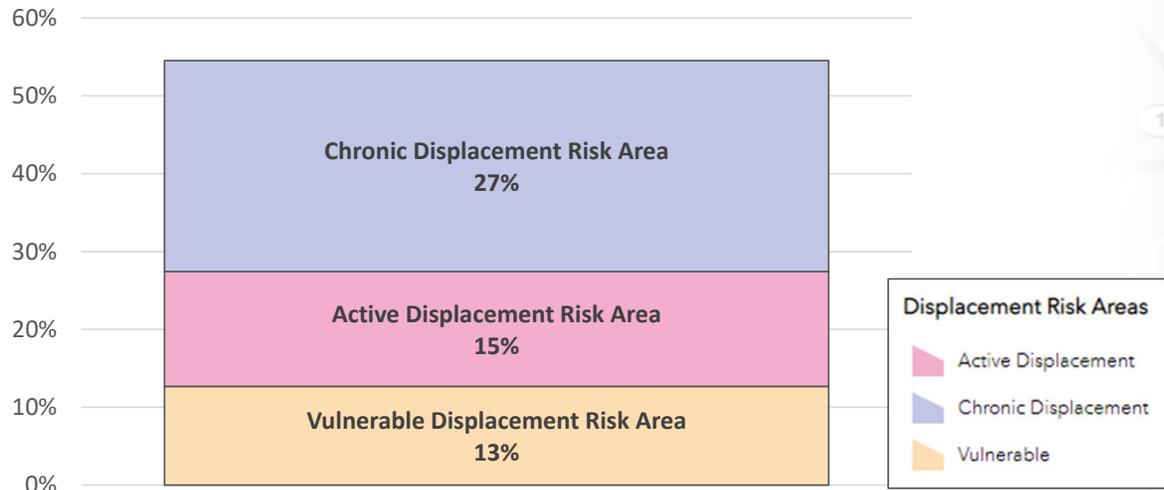


Dispersion of VMU Zoning

Displacement Risk Areas

- 55% of VMU-Zoned Sites are within Displacement Risk Areas

VMU-Zoned Sites within Displacement Risk Areas





Dispersion of VMU Zoning

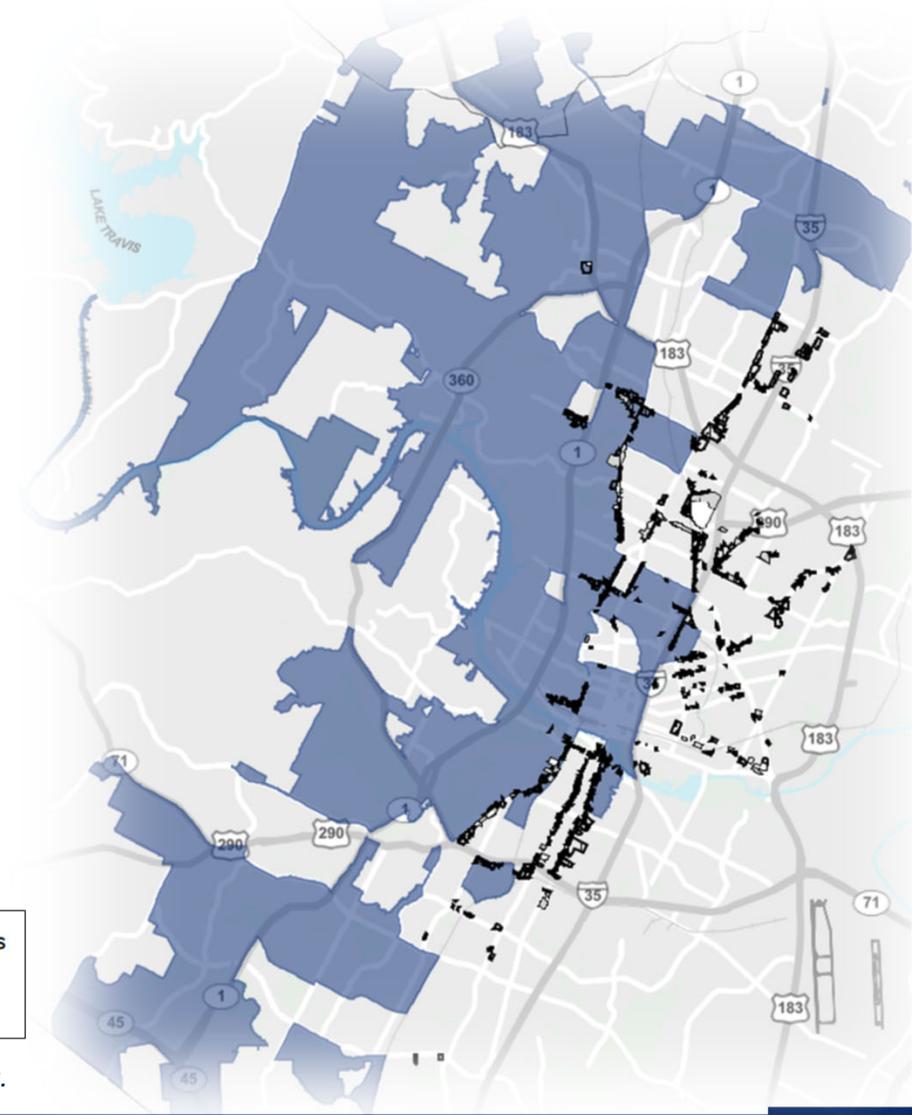
High Opportunity Areas

- 33% of VMU-Zoned Sites are within High Opportunity Areas

High Opportunity Areas



High Opportunity Areas are defined by Enterprise Community Partners Opportunity360 Index.





Extras



VMU-Developed Buildings: AMLI 5350

Total Units: 174
Affordable Units: 17
Tenure: Rental

Year Built: 2010

Council District: 7
Corridor: North Burnet





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VMU-Developed Buildings: Camden Lamar Heights

Total Units: 314
Affordable Units: 31
Tenure: Rental

Year Built: 2015

Council District: 7
Corridor: North Lamar





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VMU-Developed Buildings: Texan North Campus fka Uptown Lofts

Total Units: 23

Affordable Units: 2

Tenure: Rental

Year Built: 2011

Council District: 9

Corridor: North Lamar





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VMU-Developed Buildings: Aura on Lamar

Total Units: 279
Affordable Units: 28
Tenure: Rental

Year Built: 2021

Council District: 4
Corridor: North Lamar



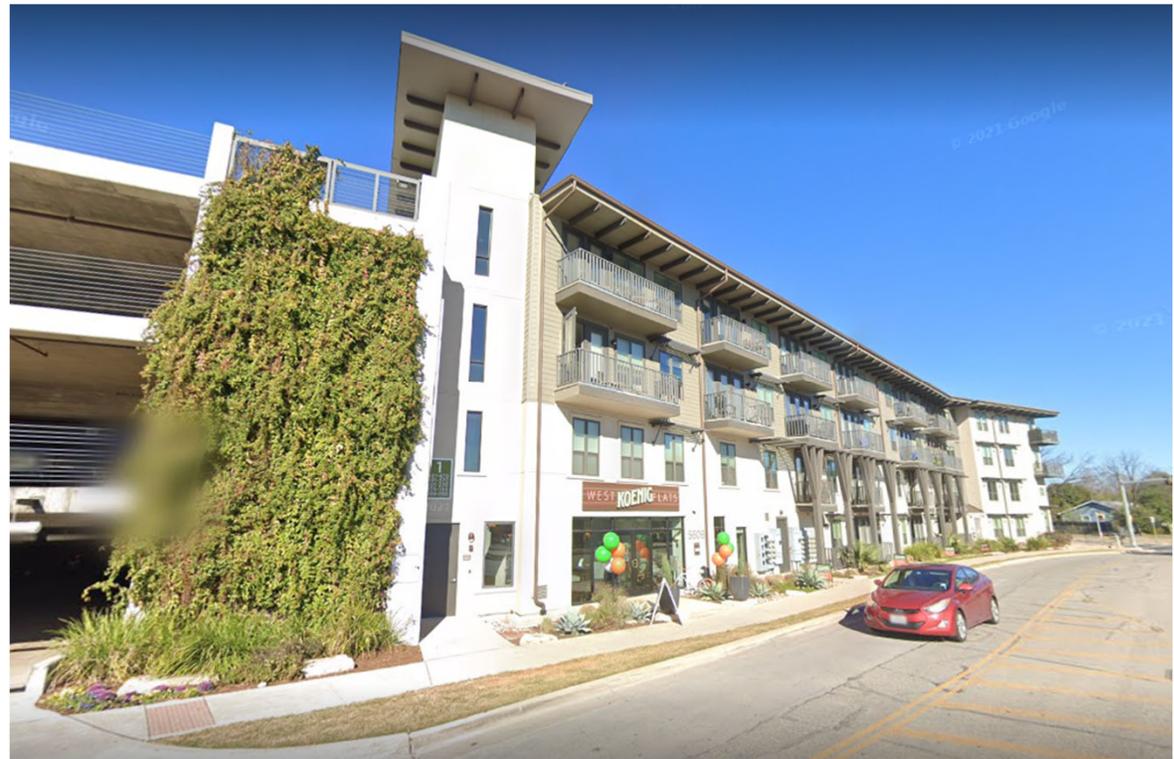


VMU-Developed Buildings: West Koenig Flats

Total Units: 210
Affordable Units: 21
Tenure: Rental

Year Built: 2018

Council District: 4
Corridor: North Lamar





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VMU-Developed Buildings: Lamar Union Apartments

Total Units: 441
Affordable Units: 44
Tenure: Rental

Year Built: 2015

Council District: 5
Corridor: South Lamar





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VMU-Developed Buildings: The 704

Total Units: 378
Affordable Units: 38
Tenure: Rental

Year Built: 2014

Council District: 5
Corridor: South Lamar





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VMU-Developed Buildings: Nexus East

Total Units: 49

Affordable Units: 5

Tenure: Rental

Year Built: 2021

Council District: 3

Corridor: Airport Blvd





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VMU-Developed Buildings: Lenox 7th

Total Units: 279
Affordable Units: 28
Tenure: Rental

Year Built: 2020

Council District: 3
Corridor: East 7th





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VMU-Developed Buildings: Axiom East

Total Units: 60
Affordable Units: 6
Tenure: Ownership

Year Built: 2020

Council District: 1
Corridor: East 7th





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VMU-Developed Buildings: 7East

Total Units: 177
Affordable Units: 18
Tenure: Rental

Year Built: 2015

Council District: 3
Corridor: East 7th





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VMU-Developed Buildings: Alexan East 6th Street

Total Units: 208
Affordable Units: 21
Tenure: Rental

Year Built: 2015

Council District: 3
Corridor: East 6th





**HOUSING &
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VMU-Developed Buildings: Lamar Union Apartments

Total Units: 441
Affordable Units: 44
Tenure: Rental

Year Built: 2015

Council District: 5
Corridor: South Lamar





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VMU-Developed Buildings: Gibson Flats

Total Units: 95
Affordable Units: 10
Tenure: Rental

Year Built: 2014

Council District: 5
Corridor: South Lamar





**HOUSING &
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VMU-Developed Buildings: The 704

Total Units: 378
Affordable Units: 38
Tenure: Rental

Year Built: 2014

Council District: 5
Corridor: South Lamar





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VMU-Developed Buildings: The Tree Apartments

Total Units: 336
Affordable Units: 34
Tenure: Rental

Year Built: 2014

Council District: 3
Corridor: South 1st St





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VMU-Developed Buildings: 44 South

Total Units: 227
Affordable Units: 23
Tenure: Rental

Year Built: 2021

Council District: 3
Corridor: South Congress





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VMU-Developed Buildings: Frank

Total Units: 69
Affordable Units: 7
Tenure: Ownership

Year Built: 2019

Council District: 9
Corridor: South 1st St





**HOUSING &
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VMU-Developed Buildings: Willa

Total Units: 61
Affordable Units: 6
Tenure: Ownership

Year Built: 2021

Council District: 9
Corridor: South 1st St





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VMU-Developed Buildings: 3114 SoCo

Total Units: 20
Affordable Units: 2
Tenure: Ownership

Year Built: 2017

Council District: 3
Corridor: South Congress Ave

